



Cathy McMorris

7th District State Representative

2002 Opening Session Report

January 2002

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Dear friends,

The 2002 legislative session, which began Jan. 14, brought a whole new set of challenges on top of some long-standing issues. High on our list of priorities is to address the future of Washington's economy.

We have businesses, both large and small, leaving the state. We have the impact of a \$1.2 billion budget shortfall. At the same time, we have other serious concerns about meeting the needs for education, health care costs, and protecting our agriculture community.

The governor's answer to balance the budget is to raise taxes and education tuition, slash services from seniors and the disabled, eliminate critical I-695 backfill funding from local city and county government, and release inmates early.

I believe a more responsible solution is to cut waste, prioritize spending, resist tax and fee increases, protect front-line services for needy and working families, and seek ways to help our economy through regulation reform that will make Washington a better place to do business.

With Democrats now in control of the Legislature following special elections in November which broke the House's 49-49 tie, it will be just as important as ever to work in a bipartisan fashion to make sure the state's priorities are straight. **Although there will be tremendous pressure to raise taxes and fees, I will stand firm to protect taxpayers by forcing government to live within its means,** just as families and businesses must do when money is tight.

As always, I invite your participation through your calls, letters and e-mails. Thank you for allowing me this opportunity to serve you.

Sincerely,

Cathy McMorris
State Representative

Representative *Cathy McMorris*

Budget: *Setting priorities*

Some have tried to pin the blame for the state's revenue shortfall on the Sept. 11 terrorist attacks. While the attacks certainly dealt a significant blow to our state's economy, the signs of economic slowing were evident long before September.

Many of those first signs occurred here in north-eastern Washington. Many of our orchardists have uprooted their trees because they could no longer make a go of it. Agriculture has joined timber and mining in a lengthy economic bumpy ride. The effects of these slowdowns have rippled through our local communities.

That's why I was very concerned last year when Democrats ignored these warning signs and passed a two-year operating budget that spends more than it will take in. The state's latest economic forecast is predicting a revenue gap of more than \$1.2 billion.

The governor's answer to the budget problem is to cut human services (including funding and services to disabled citizens, nursing homes, and pharmacists who provide prescription drugs to low-income citizens on Medicaid) by \$235 million. He would, however, preserve state mid-level management jobs and provide scheduled pay increases for those employees. His plan also would eliminate critical "backfill funding" the state has provided to our cities and counties to replace funding lost with the passage of Initiative 695. The governor also proposes to raise taxes by \$100 million, despite his assurance that he would avoid tax increases (see detailed summary).

Our state's budget woes are largely the result of government's inability to control its appetite for spending, not a revenue shortage. The state is expected to collect \$21.2 billion in 2001-03. That's \$350 million more than state government *actually spent* in 1999-2001.

In the last six years, more than 9,000 employees have been added to the state payroll, nearly twice the population of Colville. We now have more than 100,000 state employees, not including teachers. While



Governor's Budget Proposal *An Overview*

Total Revenues:	\$21.374 billion
Total Expenditures:	<u>\$22.530 billion</u>
Difference:	-\$1.156 billion
Ending fund balance:	\$0
Emergency Reserves balance:	\$303 million

Governor's proposed budget cuts

- \$35 million from nursing homes
- \$54 million from higher education
- \$34 million from Medicaid reimbursements for prescription drugs
- \$31 million from state assistance to the disabled
- \$14 million in block grants from K-12 schools

Governor's proposed tax increases

- 3% liquor tax - \$4.7 million
- 10% gambling tax - \$73.7 million
- Use tax on shipping - \$20 million
- Hydraulic project fees - \$4.3 million
- Hunting/fishing license increase - \$1 million

the governor may be willing to make budget cuts against the poor, the elderly and the most vulnerable, he's only willing to reduce the size of state government by less than 440 positions.

I think a more responsible approach toward addressing our budget problems is to seek ways to reduce waste with the least amount of impact on front-line services. The state should do what families and businesses do when they fall on tough times – establish priorities, control spending, pay for essential needs, and live within its means.

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Too many regulations, not enough jobs

The Boeing headquarters move last year briefly focused attention on Washington's business climate. Knowing that jobs, not taxes, are the path back to prosperity, it's time to turn the debate that direction again.

In December, Gov. Locke's press office announced that his 1997 executive order to eliminate unnecessary regulations had led to the repeal of more than 8,000 agency

"This rule is arbitrary and capricious. It's an exceptionally high standard. No reasonable person could have that opinion."

Judge Gary Tabor speaking on one of the many new rules imposed by the Department of Labor and Industries.

new rules have been adopted. This information was conspicuously missing from the governor's press release. Maybe he doesn't want citizens to know how his agencies are over-regulating businesses to the point they either close their doors or relocate away from Washington.

The Department of Labor and Industries exemplifies how the state bureaucracy has become uncontrollable. Only half of the governor's 28 cabinet agencies reviewed all of their rules, as directed by Gov. Locke in 1997. L&I wasn't one of them. It reviewed only 57 percent of its rules over that four-year period – incredibly poor performance from the agency that intends to force new ergonomics standards on Washington employers in May.

When L&I tried to adopt a rule (called the "retro rule") limiting the amount of money trade groups can keep to run injured-worker compensation plans, Thurston County Superior Court Judge Gary Tabor pointed out how excessive the state agency can be against business. He wrote, "my conclusion is that this rule is arbitrary and capricious. It's an exceptionally high standard. No reasonable person could have that opinion."



Rep. Cathy McMorris discusses the state's business climate during a committee hearing.

Ergonomics rules create excessive burdens

Several new businesses seeking to locate in Washington have expressed concerns about the state's new ergonomics rules. I worry that the ergonomics standards will not only keep new businesses from coming to Washington, but also affect existing jobs. Tidyman's, a grocery chain in the Spokane area, estimates the new rules, which go into effect in May, will cost it \$3.3 million — or \$5,000 per employee — and could lead to worker layoffs.

It may be some time until our state's economy improves. Until then, I think the ergonomics standards and any other new rules should be put to a simple test: if it preserves or creates jobs, or improves our state's business climate, I'm for it. If it doesn't, toss it out!

Shoreline rules tossed out

Another area where bureaucracy went too far in trying to usurp the rights of property owners was with new shorelines rules proposed by the Department of Ecology. The proposed rules would have restricted land use within 200 feet of shorelines. It would have been the largest land grab by state government ever, without compensation to landowners or local government.

Last session, House Republicans resisted attempts to codify these rules through legislation. In August, the Shorelines Hearings Board agreed with our arguments – that DOE overstepped its authority by attempting to impose the rules without legislative approval and did not follow the appropriate procedures. The proposed rules were deemed invalid and tossed out.

The shorelines rules fiasco is another example of state bureaucracy gone amok, and the need for citizens, through their elected leaders, to have the final say on these matters.

Improving transportation

The Legislature will go back to the drawing board this session to try to solve the state's transportation needs. The governor has dusted off the same plan rejected by lawmakers last year, which includes a 9-cent gas tax increase. If Washington's rate were raised by 9 cents, it would have the fifth-highest gas tax in the nation, behind Hawaii, Illinois, Nevada and New York.

Aside from the fact that lawmakers didn't like this plan last time it came before us, the governor has alienated many communities by threatening to pull funding for projects if their local lawmakers don't support his plan. Frankly, the 'my way or no highway' approach is not the best solution to gain support.

I'd like to see exactly what taxpayers would get for their money – and you deserve to know what your money will buy. So far, the only plan I have seen is one that will produce higher taxes, not results.



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Washington State Legislature
home page: www.leg.wa.gov

House and Senate Bill Information:
www.leg.wa.gov/wsladm/bills.cfm

Rep. Cathy McMorris' legislative
home page: www.leg.wa.gov/house/members/d7_2.htm

Washington State homepage:
access.wa.gov

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